

# Private Property, Self-Regulation, and Just Price: A Response to Philip Booth and Samuel Gregg

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Daniel K. Finn here responds to Philip Booth and Samuel Gregg's articles in the Spring 2012 issue of the *Journal of Markets & Morality* (15.1). These articles were themselves responses to Finn's controversy contribution, "Nine Libertarian Heresies Tempting Neoconservative Catholics to Stray from Catholic Social Thought," in the Fall 2011 issue (14.2). In particular, this article responds to Philip Booth with regards to the possibility of straying from Roman Catholic social thought, the nature of private property, the self-regulation of the market, and the doctrine of just price in the work of Thomas Aquinas, as well as addressing a concern from both Booth and Gregg regarding his previous misattribution of a quote and the accuracy of the conclusions drawn from that particular quote.

In the previous issue of this journal, Philip Booth doubts that it is possible to stray from Catholic social thought because it is a corpus much wider than the subset of pronouncements of popes and bishops that we call Catholic social teaching.<sup>1</sup> However, some themes have been so universally endorsed in Catholic social thought that it is indeed possible to stray. One of the best examples is the view of private property endorsed not only by popes and bishops but also by scholars without episcopal office, such as Clement of Alexandria and Thomas Aquinas.

Concerning private property, Booth asserts that "private property does, indeed, give the owner complete control over everything that is owned." He then argues that Catholic teaching understands taxation as a permitted (perhaps necessary) "violation" of private property. Booth asserts, "I do not deviate in any sense from the Church's position."<sup>2</sup> As a result, he judges that I unfairly described his position because I see it as a notable example of straying from the Catholic

tradition.<sup>3</sup> He and I have been unable to resolve our differences on this issue in private correspondence, so the reader will have to judge.

In my view, the Catholic tradition understands that the very idea of private property necessarily entails inherent duties to share from surplus wealth, so that taxation is not a violation of private property but one of several normal ways that property holders fulfill the obligations entailed in owning property.

This idea has a long history. In the book of Deuteronomy, it was required that the owner of a field of grain was to leave the corners unharvested—to be used by the widow, the orphan, and the resident alien (Deut. 24:17–22). The fathers of the early church taught that those owning a surplus are obliged to share from it with those whose needs are unmet. Concerning help offered to the poor, Ambrose of Milan said, “When giving to the poor man, you are not giving him what is yours; rather you are paying back to him what is his.”<sup>4</sup> Augustine of Hippo said, “The superfluous things of the wealthy are the necessities of the poor. When superfluous things are possessed, others’ property is possessed.”<sup>5</sup> Thomas Aquinas defended private property but taught that it includes “common use”—that what one owns beyond what he needs for his station in life must be shared if others have unmet needs.<sup>6</sup> In all cases, the very idea of private property includes the duty to share from any surplus with the needy. Such a duty is not a violation of private property but an essential dimension of it.

What have the modern popes to say? John XXIII said, “There is a social duty essentially inherent in the right of private property.”<sup>7</sup> Paul VI quotes the line from Ambrose above.<sup>8</sup> John Paul II talks about a “social mortgage” on all property:

The goods of this world are originally meant for all. The right of private property is valid and necessary but it does not nullify the value of this principle. Private property, in fact, is under a “social mortgage,” which means that it has an intrinsically social function based upon and justified precisely by the principle of the universal destination of goods.<sup>9</sup>

The mortgage analogy makes clear that the owner has no right to claim “complete control over everything that is owned.”

To my knowledge, no pope, bishop, or major theologian in this tradition has ever taught that taxation is a violation of private property because the property owner by definition necessarily has a debt to the community. It is for this reason that I claim that Booth’s presumption to the contrary is *prima facie* evidence of the influence of libertarian error (an excessively strong depiction of property rights) seeping into what he and others take to be authentic Catholic thinking.

What difference does all this make? It is not mere semantics. If taxation is a violation of rights, it should be kept to a bare minimum. If taxation is understood

as an ordinary part of how property owners fulfill the duties of that ownership, political discourse could shift from slogans of “no new taxes” (a written pledge made by the vast majority of Republicans in Congress) to a sober consideration of what governments should do, followed by the raising of the tax revenue needed to do so.

Booth also resists my claim that “markets cannot regulate themselves,” pointing to the self-regulation of stock exchanges.<sup>10</sup> There is much that self-regulation can and should do. Stock exchanges, though, generally depend on the “juridical framework” of laws that structure (i.e., regulate) them, and standard economic analysis indicates that “unregulated” markets will lead at times to negative externalities. In the globalized world we live in, even virtuous stock traders whose word is their bond will be under market pressures to ignore such third-party effects unless law requires market participants to internalize social costs. As the *Compendium of Catholic Social Teaching* puts it, “Freedom in the economic sector, however, must be regulated by appropriate legal norms so that it will be placed at the service of integral human freedom.”<sup>11</sup> Both great freedom within the market and the creation of wealth engendered by that freedom are morally important but neither is efficient or moral without some form of regulation of market activity. Here, too, current political discourse would be improved if it avoided distorting rhetoric about “government intervention in markets” and instead debated the appropriate legal structures within which markets can best serve the common good.

Booth also criticizes my reference to the work of Rodger Charles, SJ, for describing Aquinas’s view of the just price without stating Thomas’s central argument.<sup>12</sup> Booth thinks that Charles’s identification of price discrimination as the enemy is sufficient. Perhaps economic education of the public in the United Kingdom surpasses that in the United States, but my guess is that not one American in ten could explain what price discrimination is. In addition, Charles’s terse reference to price discrimination would leave even that one person uninformed as to *why* Aquinas judged it to be unjust for a seller to raise prices simply because a buyer is willing to pay more. The doctrine of just price is perhaps the single most difficult Catholic conviction to implement in a market economy but ignoring or marginalizing that teaching undermines efforts to improve economic life in accord with the Catholic vision.

Finally, both Booth and Samuel Gregg point to my error in attributing to the former a quote from the latter: “the state should not attempt to protect or alter a society’s moral ecology in ways that seek to force people to acquire virtuous dispositions.”<sup>13</sup> For this careless mistake, I sincerely apologize. Such mistakes are unfair to both scholars. In addition, Gregg’s careful response makes clear

that in the six lines that follow I incorrectly described his position. I stand corrected—and apologize.

It is always an honor for a scholar to receive the written critiques of other scholars. I am indebted to Philip Booth, Samuel Gregg, and the editors. I would be further honored and assisted if there were reader reactions to the essence of my argument: the nine libertarian heresies I identified as distorting our discourse about what the long tradition of Catholic social thought means for economic life today.

## Notes

1. See Philip Booth, “Catholic Social Teaching and the Market Economy: A Reply to Daniel K. Finn,” *Journal of Markets & Morality* 15, no. 1 (Spring 2012): 11–12.
2. Booth, “Catholic Social Teaching and the Market Economy,” 14.
3. See my description of Booth’s position in Daniel K. Finn, “Nine Libertarian Heresies Tempting Neoconservative Catholics to Stray from Catholic Social Thought,” *Journal of Markets & Morality* 14, no. 2 (Fall 2011): 487–503.
4. Ambrose of Milan, “On Naboth”; quoted in Peter C. Phan, *Social Thought, Message of the Fathers of the Church* 20 (Wilmington, DE: Michael Glazier, 1984), 173–74.
5. Augustine of Hippo, “Reflections on Psalm 147”; quoted in Charles Avila, *Ownership: Early Christian Teaching* (Maryknoll, NY: Orbis Books, 1983): 113.
6. Thomas Aquinas, *Summa Theologicae*, II-II, q. 66, a. 2.
7. Pope John XXIII, Encyclical Letter *Pacem in terris* (April 11, 1963), 22.
8. Pope Paul VI, Encyclical Letter *Populorum progressio* (March 26, 1967), 23.
9. Pope John Paul II, Encyclical Letter *Sollicitudo rei socialis* (December 30, 1987), 42.
10. Booth, “Catholic Social Teaching and the Market Economy,” 15–16.
11. *Compendium of the Social Doctrine of the Church* (Washington, DC: US Conference of Catholic Bishops, 2004), 350.
12. Booth, “Catholic Social Teaching and the Market Economy,” 16.
13. See Samuel Gregg, “A Brief Note on the State and Society’s Moral Ecology,” *Journal of Markets & Morality* 15, no. 1 (Spring 2012): 7–10; and Booth, “Catholic Social Teaching and the Market Economy,” 16. For the original context, see Finn, “Nine Libertarian Heresies Tempting Neoconservative Catholics to Stray from Catholic Social Thought,” 489.